

## **Indonesia and Nigeria, 1965-1985: Structural Factors, Technocracy and the Politics of Rural Development<sup>1</sup>**

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### *Abstrak*

Tulisan ini membandingkan perkembangan ekonomi antara Indonesia dan Nigeria pada periode tahun 1965-1985. Kedua negara merupakan negara pascakolonial yang kaya akan minyak, padat penduduk, multietnis, dan pihak militer mendominasi kehidupan politik. Faktor struktural maupun institusional yang terintegrasi ke dalam ranah sosial dan sejarah politik perlu dinyatakan untuk memahami perkembangan kedua negara. Tulisan ini akan menunjukkan bahwa teknokrasi beroleh peran penting dalam menata perkembangan ekonomi, khususnya dalam pengembangan pertanian dan pembangunan pedesaan yang terpengaruh kuat oleh politik pembangunan pedesaan. Faktor struktural yang saling memengaruhi ini, baik secara *exogenous* maupun *endogenous*, menjadi penopang bagi kebijakan yang mendukung rakyat miskin maupun strategi untuk mereduksi angka kemiskinan, dan kebijakan itu dapat diterapkan dalam waktu jangka panjang. Stabilitas politik pada masa Orde Baru di Indonesia merupakan faktor penting bagi para perencana ekonomi untuk menerapkan kebijakan ekonomi mereka. Sedangkan di Nigeria, faktor-

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faktor struktural yang tidak memiliki benang merah, utamanya permasalahan antara negara dan masyarakat, memperlihatkan adanya kelemahan institusi politik yang mengakibatkan para elit-teknokrat tidak dapat merumuskan maupun mengimplementasikan pembangunan ekonomi. Kesuksesan pembangunan ekonomi pada periode tahun 1965-1985 di Indonesia terlaksana berkat adanya kelompok ekonom-teknokrat yang membantu perkembangan ekonomi dan sebagian besar dari mereka mengurus pembangunan pedesaan.

**Kata kunci:** pembangunan ekonomi, kebijakan, pertanian, pembangunan pedesaan, ekonom-teknokrat

“...the New Order’s trajectory did not come out of nowhere. This ‘Order’ was not the antithesis of the political situation that preceded it, but rather its continuity”.

*Goenawan Mohamad (2005)*

“...largely inherited from the colonial experience and reproduced by the dependent accumulative base of the ‘new’ Nigerian bourgeoisie, that Nigeria began to experience serious political conflicts and disturbances beginning in 1962.”

*Julius O. Ihonvbere and Timothy M. Shaw (1998)*

The historical course of development sets a pattern, but paths may be altered and new equilibria attained. Economic development rests upon politically negotiated institutions.

*Peter Lewis (2007)*

### **Comparative Study on Nigeria and Indonesia**

Scholars, mostly in the field of economic development, only recently became interested in a comparative study of Indonesia and Nigeria. It began in the late 1980s, particularly among the economists who were working at the World Bank which looked at the development processes across the globe. The international data panel and cross country study, shows similar features between Indonesia and Nigeria in terms of its geographic and demographic size, political development and ethnic diversity. The two countries faced relatively similar economic conditions in the late sixties, but within two decades showed a different path in their economic performance. The first comparative analysis appears in public was a study by Brian Pinto, as part of

a comparative World Bank study.<sup>3</sup> The study emphasized the spending effect and its impact on resource allocation in the non-oil sectors of the economy. The comparison reveals that there were important differences between countries with regard to fiscal and exchange rate policies. The major differences also existed in their foreign borrowing strategies, which were more conservative in Indonesia; and agricultural policy, which was market-oriented and included provision of transitional assistance in Indonesia. Pinto's comparative study shows clearly the different outcomes of economic policies in Nigeria and Indonesia during and after the oil-boom period.

In an attempt to explain what factors influenced the development policies, which was not discussed in Pinto's study, Erik Thorbecke in 1996 wrote a conference paper that dealt with the institutional basis for economic development. The paper that eventually appeared in the proceedings of the conference in 1998 was entitled "The Institutional Foundations of Macroeconomic Stability: Indonesia versus Nigeria".<sup>4</sup> The main question raised by Thorbecke was "What then accounts for the widely divergent paths they have followed – for Indonesia's stability and impressive growth and Nigeria's instability and economic stagnation?" According to Thorbecke there were four initial conditions that played a major role in leading the two countries into different paths: (1) the size, distribution, composition and characteristics of the main ethnic groups; (2) the form and content of the original Constitutions; (3) the process through which Independence was obtained; and (4) the background of the leaders. Thorbecke argued that looking at the similarity in its initial factors Indonesia, in fact, could easily have followed Nigeria's path. Yet Indonesia's performance was helped by some favorable conditions, particularly more consensual ethnic relationships, a unitary constitution and uninterrupted leadership.

Ten years after Pinto had published his study, another World Bank study was published in 1999 that was based on what its authors, Bevan, Collier and Gunning called "analytical economic history" and "political economy".

3 Appears as an article entitled "Nigeria During and After the Oil Boom: A Policy Comparison with Indonesia", in *World Bank Economic Review* 1, no. 3, pp. 419-45, 1987. Though less substantial, the comparison between Indonesia and Nigeria's development also appears in several other studies, among others: Sara J. Scherr (1989) "Agriculture in an Export Boom economy: A Comparative Analysis of Policy and Performance in Indonesia, Mexico and Nigeria", in *World Development*, Vol. 17, No. 4, pp. 543-560.; Robert Dible (1998) "Cross-National Economic Development in Indonesia and Nigeria", in *Scandinavian Journal of Development Alternatives and Area Studies*, Vol. 17, No. 1, pp. 65-85.; Sven Wunder (2003) *Oil Wealth and the Fate of the Forest: A comparative study of eight tropical countries*. Especially chapter six "More tales of oil wealth and forests: Mexico, Nigeria and Indonesia". London and New York: Routledge.; and Andrew Rosser (2007) "Escaping the Resource Curse: The case of Indonesia" in *Journal of Contemporary Asia*, Vol. 37, No. 1, February, pp. 38-58; Francois Regoli, 1996, "Integrating Social Formations into The World Economy: The case of Indonesia and Nigeria", Unpublished Master Thesis, Department of Political Science, University of Ottawa.

4 See Thorbecke's contributing chapter (pp. 106-139) and Mari Pangestu's comment on Thorbecke's paper (pp. 140-143) in Yujiro Hayami and Masahiko Aoki, 1998.

The book, entitled *The Political Economy of Poverty, Equity, and Growth in Nigeria and Indonesia, 1950-86* provides a substantial analysis on the development of the two countries from the early 1950s to the mid-1980s. By pairing the two countries within a particular long historical period, it was expected that the study would be able to offer “a novel and promising way of reconciling in-depth case studies with a broader comparative method of analysis”. The study could also be seen as a move from what is conventionally called “statistical comparative studies” to an analysis that goes “beyond statistics”. The central question explored in the book was “why equitable growth did not take place in Nigeria after 1972 when, at least superficially, it had the same opportunities as Indonesia”.<sup>5</sup> Since both countries received an enormous oil windfall during this period, it is tempting to focus on differences in the handling of the windfall as accounting for the differences in outcomes. According to this study, Indonesia turned oil income into productive investment, whereas Nigerian oil income was either siphoned abroad or used for prestige projects. According to the authors of this book, the key for success for Indonesia was because Indonesia was capable to establish an environment conducive to growth in the non-oil economy, while Nigeria could not. Indonesia was also able to implement an economic liberalization policy which was in general sustained since 1967, whereas Nigeria delayed liberalization until 1986, and subsequently reversed it.<sup>6</sup> The book, which was published after Indonesia experienced a severe economic crisis in 1997-98, concludes and supports the author’s argument that “far from being deep-rooted, the reasons for divergent performance reflected temporary and change conjunctions of circumstances.

In 2007, Lewis, a Nigerian specialist, from an institutional perspective published a book, entitled *Growing Apart: Oil, Politics and Economic Change in Indonesia and Nigeria*. Lewis began his book by asking two basic questions: “What types of institutional arrangement are essential for economic growth in poor countries?” and “What are the political conditions that foster the development of growth-inducing institutions?” Viewing Indonesia and Nigeria in the mid 2000s, Lewis was apparently able to look at Indonesia and Nigeria after both countries had experienced a long authoritarian regime, economic crises and a political transition from an authoritarian to a civilian government and democracy. Again the striking different paths of governance and economic performance from the late 1960s through the 1990s, have also led other observers to make a comparative analysis of what constitutes the driving force to find a better explanation in which Lewis believes in

5 See David Bevan, Paul Collier and J.W. Gunning, *The Political Economy of Poverty, Equity, and Growth in Nigeria and Indonesia, 1950-86*.

6 It is surprising that Lewis did not mention in his book (2007) any findings of Thorbecke’s analysis on the institutional fundamentals of macro economic development in Indonesia and Nigeria (1998).

institutional dimensions of economic change. The main thrust of the book is therefore about the interplay of politics, institutional change, and economic growth; that produced the economic divergence (and lately convergence) in Indonesia and Nigeria. Lewis analytical framework can be seen as a further analytical refinement of what has been done previously by Thorbecke and Bevan *et al.* While these previous studies emphasized mostly the endogenous factors, only Rosser, in his article "Escaping the Resource Curse: The case of Indonesia" (2007) looked at both endogenous and exogenous factors that fundamentally contributed to the success story of Indonesia in avoiding the resource curse – as experienced by other resource rich countries such as Nigeria. Those two fundamental factors, according to Rosser, are: (1) the political victory of counter-revolutionary social forces over radical nationalist and communist social forces in Indonesia during the late 1960s; and (2) the country's strategic Cold War location and proximity to Japan. In viewing the development prospect, particularly in Africa, there are apparently two existing views. On the one hand, observers believe in the deep determinants of development, namely geography, institutions and history. For this reason their outlook is more pessimistic. On the other hand, there are observers who hold that the problems lie in the policies, and what matters is whether or not right policy levers could be pulled at the right times to yield the big policy impacts (Johnson *et. al.* 2007: 26).

### **Technocracy and Development**

In the period of the 1960s and 1970s, political realities proved to be difficult for the major proponents of the Non-Aligned Movement, such as Indonesia, Egypt, India and China, to stay away from the increasing contentious polarization of Cold War politics. The world apparently entered new political realities, in which the members of the Third World were pushed or pulled into the socialist-communist or liberal-capitalist blocks. During this critical period, academic communities and scholarships could also not be isolated from this political polarization. Kahin (2003: 140) the founding father of Indonesian studies in the US, wrote in his testament "In early 1953 the Ford Foundation's Board of Directors concluded that the United States was embarrassingly deficient in the knowledge necessary to understand political, economic and social conditions in much of postwar Asia. It singled out Japan, India, Indonesia and Iran as areas where American scholarship was particularly deficient and where scholarly studies should be funded to help rectify this deficiency. In the course of their discussions, an apparent majority of the foundation's board members concluded that special emphasis should be given to research on Communist movements in these countries, and this was envisaged as a major component of all of the studies".

The flourishing of various social theories that belong to the modernization school of thought was also influenced by the Cold War politics, in order to

expand the ideological basis, both from the socialist and capitalist blocks. The increasing number of authoritarian states adopted various developmental paradigms along the line of modernization theories in many of the post-colonial states in Asia, Latin America and Africa, should be seen in this light. The Cold War political context provides a momentum for the Third World to get access to development aid as well as military assistance from both the Soviet and American blocks. The Vietnam War in Asia and the civil wars in Africa often represented the actual Cold War's conflicts and contestations. It was during this period that authoritarian military regimes emerged as the dominating power sometimes after the bloody *coup d'état*. Indonesia, South Korea, Chile and Nigeria offer perhaps some good examples of this newly emerging regimes coming out of the Cold War politics.

The political changes in many post-colonial states as influenced by the Cold War politics interestingly also coincided with the growing perspectives within the American social science disciplines, particularly in economics and political science. It was during this time that many economists who were trained in America returned to their countries to work on developing their countries' economy. The fact that many developing countries were under an authoritarian military regime reflects developmentalism as the dominant ideology in which autocracy and technocracy could go hand in hand. The development of developmentalism in Southeast Asia, particularly in Indonesia, can not be separated with the expansion of anti-communist strategy that was nurtured by the US since the early 1950s, as asserted by Kahin (2003). The involvement of the Ford Foundation in developing a new generation of economists who were trained mostly at the University of California, Berkeley, who in the late 1960s became very influential in directing economic development, is widely known.<sup>7</sup> While the military government of Nigeria also emerged since the mid-1960s, the role of technocracy in this country in formulating and implementing economic development policy was more diffuse and less significant.

In a symposium on "Technocrats in Southeast Asia"<sup>8</sup> Pauker (1976: 1197-1201) in the concluding session posed a provocative question "Are

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7 In 2005, The Ford Foundation office in Jakarta commissioned, several social scientists wrote various issues concerning the development of social sciences and power in Indonesia. In a chapter on the development of scholarship and research on agrarian issues, Benjamin White (2005) showed the influence of American scholars in the discourse and the agricultural policy orientation adopted by the Indonesian policy makers. The publication on the Ford Foundation activities in Indonesia, especially in relation to the birth of influential economist-technocrats group from University of Indonesia, are numerous, ranging from the very critical view of David Ransom 'Berkeley Mafia' (1974), to the more positive view like the latest Ford Foundation's 100 years anniversary celebration in Indonesia (2003).

8 The three papers, by Richard Hooley (The Contribution of Technocrats to Development in Southeast Asia), John James MacDougall (The Technocratic Model of Modernization: The Case of Indonesia's New Order) and Laurence D. Stifel (Technocrats and Modernization in Thailand) that were published in *Asian Survey* (Dec, 1976) was originally presented at the 1975 Annual Meeting of the Association for Asian Studies.

There Technocrats in Southeast Asia?"<sup>9</sup> Pauker argued that because the label technocrats had gained acceptance in referring to certain Western-oriented modernizers currently influential in Southeast Asia. It was logical to ask whether the term has substantive meaning. After tracing the historical development of the term in Western Europe and North America, Pauker suggested that what events were developing in Southeast Asia in the 1970s, had actually very different realities. According to Pauker, Western technocratic ideas were a response to the disruptions created by the impact of science and technology in countries which were industrializing successfully. While in Southeast Asia, the so-called technocrats – mostly trained as economists in Western universities – were primarily concerned with overcoming various obstacles to the modernization and development of their countries. The aim of technocracy in Southeast Asia, according to Pauker, was simply achieving rapid economic growth. Precisely because of their preoccupation with achieving economic development goals, technocrats in Southeast Asia aligned themselves with the military authoritarian regime. Yet, except for their antagonism toward professional politicians, technocrats in Southeast Asia have nothing in common with the school of thought which originated in the western liberal democratic tradition.

Lande (1976: 1151-1152) in the introduction of the symposium noted that technocrats in the governmental sphere may be defined as highly trained professionals who exert extraordinary influence on the formulation and execution of policy because of their professional expertise. They share commitment to a pragmatic, non-ideological approach to development which looks to the West for models and material assistance. They find themselves attacked by their critics, both local and foreign, for neglecting egalitarian, nationalistic, and civil libertarian goals in their primary dedication to the goal of economic growth. The interrelationship of technocracy and authoritarianism in Southeast Asia in the 1970s, according to Milne (1982) cannot be generalized. While Indonesia and the Philippines during the Marcos' era show similarity since the technocrats under the authoritarian regimes were limited to their subordinate roles. In Thailand, on the other hand, indicates the role of the technocrats increased even there was a decline in authoritarian rule. According to Milne, in Thailand, unlike Indonesia and the Philippines, some technocrats were members of political parties, and maybe referred to as "political", as opposed to "non-political", technocrats.

<sup>9</sup> Guy J. Pauker, a senior staff member in the Social Science Department at the Rand Corporation, Santa Monica, California, is well known of his role in the early years of the New Order in Indonesia. For some people, Berkeley Mafia, is a pejorative identification of a young group economists from the University of Indonesia who are mostly trained at the University of California at Berkeley. It was suspected that Guy Pauker who masterminded these young economists to become instructors at *Seskoad* (*Sekolah Staf dan Komando Angkatan Darat*), the Army Staff and Command School in Bandung in which Soeharto, the army general is closely associated with *PSI* (*Partai Sosialis Indonesia* or Indonesia Socialist Party) and Pauker's colleague became the school's headmaster.

The discourse among academics on the technocracy often lumps together the technocrats in the broad category of the intellectuals. While technocrats are people who have expertise and tend to be a-political and non-ideological, and intellectuals are people who are perceived as always being concerned about the faith of the society. Therefore, intellectuals tend to be political and ideological in expressing their views. In Nigeria, for example, Bangura (1994) has written about the constraints and opportunities in the formation of a Nigerian technocracy from a broader perspective. In the monograph published by UNRISD, Bangura explored the dynamics that shaped the emergence of academics as a social force in Nigeria. He also elaborates the complex process that facilitated their recruitment into the principal state institutions for managing the economic and political reforms. In Nigeria, according to Bangura (1994), a diffuse technocracy emerged in which academics played a leading role, but their effectiveness was hampered by the nature of the political reforms, which lacked sufficient institutionalization and enduring rules for political bargaining and the building of a stable coalition. Technocrats were exposed to many changes in rules, personnel and policy and became active participants in the struggle for offices and influence which ultimately concentrated power in the hands of the president and the military establishment.

Olukoshi (2004), in his article "Democratization, Globalization and Effective Policy making in Africa", argued that since the early 1980s when African countries began to slide into economic crisis from which most of them are still to recover, a considerable amount of scholarly and policy attention has been devoted to improve what has been broadly described as the "policy environment" on the continent. The aim has been to overcome perceived shortcomings in the policy formulation and implementation with a view to making it more "effective" from a managerial and delivery point of view. Following the argumentation proposed by the World Bank (1981) and Bates (1981), Olukoshi argued that the dominant assumption underlying the mainstream focus on the African policy environment is simple: Africa's economic crisis was, in origin, primarily the product of accumulated policy distortions built up since the independence in the 1960s. Overcoming the crisis required a wholesale revisiting of the policy environment to eliminate the distortions that hampered economic growth and discouraged private initiative. This perception of the root of the African economic crisis, first popularized by the Berg Report, was soon to be codified into the ubiquitous structural adjustment programs which the International Monetary Fund (IMF) and the World Bank encouraged African countries to adopt throughout the 1980s and 1990s. Indeed, under the banner of "getting the prices right," structural adjustment became the main, overarching framework within which different efforts were made to improve the African policy environment. With regard to the role of technocracy, Olukoshi (2004) argued that the political



effectiveness of the technocratic elite which the Bank tried to nurture was, however, compromised by the fact that its leading lights were seen locally as being too closely tied to external interests at the same time as they were increasingly cut off from the rest of the local policy community either by commission or default. They were also ill-equipped to navigate the domestic political terrain, making it easy for them to be outmaneuvered. When the crunch came, they were mostly unable to cope with or surmount the nationalist instinct in the bureaucracy and polity and were, therefore, readily sacrificed by the political leaders who appointed them or whose support they ultimately needed to remain effective.

### **The Structural and Institutional Factors as Preconditions for Economic Development**

Economic development in Nigeria and Indonesia during 1965-1985 constitutes a dynamic process that reflects embedded structural and institutional factors within the social and political history of both countries. Structure and institution are two social entities that are closely interlinked by the interplay between and among its respected factors, embedded in the history of the country. There are eight major structural and institutional factors that are identified as preconditions in shaping economic development during 1965-1985. Those are: (1) Nationalism and ideology, (2) Format and structure of the state, (3) Ethnic politics, war and secessionist movements, (4) The military, (5) The party system, (6) Regional dynamics and contagion effect, (7) International factors (foreign aid, loans, and investment), (8) The economist-technocrats group.

#### **1. Nationalism and Ideology**

The political processes in obtaining independence and statehood, is strongly influenced by the substance and the strength of nationalism and the state ideology. In Indonesia, national consciousness among few educated elites began to form its formal institutions in 1908 when *Budi Utomo* was declared as the first nationalist movement. In Nigeria, such nationalist movement did not exist and the British during this time even began to consolidate its colony and protectorate through indirect rule. In 1922 part of the former German colony "Kamerun" was added into what was called 'under British rule' by the "League of Nations". In 1928 the nationalist movements in Indonesia reach its historical momentum when a youth conference pledged the so-called youth oath (*Sumpah Pemuda*) to work for "one nation, one language and one country" - Indonesia. In 1945 Indonesia's nationalist leaders proclaimed Indonesia's national independence. Soekarno became the first president of the Republic of Indonesia. In 1960 the British gave the independence to Nigeria after a relatively fair general election in 1959 in which former Prime Minister Abubakar Tafawa Balewa led a coalition government. Balewa was asked by

the British to form a federal government, and he was then inaugurated as the first president. According to Mundt and Aborisade (2004: 700) Nigeria at the time of independence was considered to be conservative and “pro western”, especially in contrast to such radical regimes of Kwame Nkrumah in Ghana.<sup>10</sup> As a nation, Nigeria was created based on federation of different ethnic groups. While Indonesia was united by a strong civic nationalism. In Indonesia, *Pancasila* was agreed by consensus, by different political factions and groups inherited national ideology of the state. In Nigeria, the national ideology was based more on the temporary and situational political consensus, reached between elites of different ethnic groups that were achieved through the federation format of the state. Comparing to Indonesia, the Nigerian state’s ideology is less cohesive and even tend to be divisive than Indonesia’s which has been more inclusive as an outcome of its long history of nationalist movement.

## 2. Format and Structure of the State

The state’s format and the structure of the government are outcomes of the long political process, mostly before independence. In a way that the format and structure of the state are also an institutional manifestation of the country’s state ideology. The federal format adopted in Nigeria is also seen in many other countries, such as Sri Lanka, Malaysia, India, Kenya, that show the significance of British political influence to the elites of its former colonies. The indirect rule as the way in which the British governed its colony has created a clearly segregated territorial sub-nations of which the boundaries are based on ethnicity. Ethnicity has become the defining territorial boundaries and the basis for regionalization and the creation of the sub-state. Federalism as the format of the state is therefore representing the political consensus among the existing sub-states during independence. In Nigeria, the number of states (sub-nations) is increasing every time a new consensus regarding the distribution of resources is achieved. Indonesia’s independence movement strongly influenced the unifying character of the state. The struggle for independence that was advocated by the nationalist leaders strongly emphasized the urgent need to unite all forces in order to oppose the strong attempt by the Dutch colonial government to weaken the nationalist movement by using the ‘divide and rule’ political strategy. In Indonesia, the decision to form a unitary state rather than a federal state was therefore strongly influenced by the spirit of the nationalist movement and the struggle for independence. The strong will is to unite all the political factions as well as all the disparate regions and

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10 The prime minister at independence, Tafawa Balewa, announced the country’s gratitude “to the British whom we have known first as masters, then leaders, and finally as partners, but always friends” (Mundt and Aborisade, 2004: 700).

territories within a single national state. It is logically created a strong centralistic government that by its nature opposed the demand to decentralize power to the regions.

### **3. Ethnic Politics, War and Secessionist Movements**

Partly resulting from the way the state was formatted and structured along ethnic politics became a strong feature of the polity in Nigeria. The creation of a new state became the end, but also the strategy by the political elites to distribute the political and economic resources. As succinctly observed by Mustapha (2006: 43): "Since 1966, efforts to reform inter-ethnic relations in Nigeria have had only limited success. Bureaucratic and political powers are frequently used for personal, and not collective, advancement. While reforms have fundamentally transformed the Nigerian state, they have yet to solve the problem of ethnic mobilization and conflict". The war and secessionist movements that often occur in Nigeria could be seen as a result of the concentration of power in a particular ethnic group that triggered a political movement to challenge such power of concentration. After oil revenues began to flow, it was quite understandable that oil became the resource that attracted different power centers to contest in order to control much of the oil revenues. In this context, the development of a fragmented political patronage that strongly characterizes Nigerian politics should be understood. The civil war following the creation of a separate Biafra state and the continuing incidence of ethnic conflicts, reflect the fragile nature of the state format and the political mechanisms in resolving the problem of resource distribution between the different groups and territories. Although Indonesia is also a multi-ethnic country, ethnicity does not represent the dividing factor within Indonesian society. The trans-ethnic nature of Indonesian nationalism and the unitary state format, provide a strong basis for the nurturing of Indonesian nationhood and undermine the demand for creating a separate, local and narrow sense of ethno-nationalism. In Indonesia political grievances from the region to the central government abound. Aceh, Papua and East Timor (during the Indonesian occupation: 1975-1999) represent the political challenge to the strong centralistic government. Yet, it is perhaps misleading to see it as a secessionist moment. Their grievances about the national government (except for East Timor) represent more the resistance movement against the repressive and authoritarian ways the central government distributed the proceeds from their natural resources. Aceh and Papua, as well as Riau and East Kalimantan are natural resource-rich provinces that strongly felt being treated unjustly by the central government in the sharing of the resource revenues.

### **4. The Role of the Military**

The military play a decisive role in Nigeria and up to Soeharto's fall also in Indonesia. The state ideology and the format and structure of the state,

however, provide a different basis upon which the military play their political roles. In Indonesia the military was strongly influenced by the strong nationalist movement and the struggle for independence. In this regard, the Indonesian military often claimed themselves as the national guardian of the state ideology and the defender of the unitary state. The state's ideology *Pancasila* and the state's "1945 constitution" have been claimed as the military's fundamental basis for their mission to protect the country from any threats, externally and internally. Under General Soeharto, the military organization was restructured in order to secure the Soeharto's regime, in particular to repress any possible internal threats, both from the left and the right, as well as from the military itself.<sup>11</sup> The military's dual function doctrine that was introduced by General Nasution as part of his military strategy to prevent communism, under Soeharto became the major policy to legitimize the deployment of military personnel deep into the civilian bureaucracy. It was under Soeharto that many generals were appointed as provincial governors and district heads. The military also strongly penetrated into the political parties that under Soeharto were reduced to three major political parties. Apart from appointing military personnel as the party's leaders, the military also closely scrutinized any civilian candidates during the party's conventions to elect their leaders. It was a normal practice that the party top leaders should be endorsed by Soeharto to secure their candidacy. The full control of the military by Soeharto was in sharp contrast with the military situation in Nigeria. Although as a group the Nigerian military could be described as nationalist, yet it became factionalist as the political dynamics brought about by the state's federal character became vulnerable to power contestation among the military elites. The strong tendency of the various factions of Nigeria's military elite's easily penetrated into the already fragmented political parties along territorial, religious and ethnic lines. The frequent incidents of military *coup d'état* in Nigeria evidently show the vulnerability of any political consensus in Nigeria.

## 5. Party System

The party system under Soeharto's government was strongly controlled by the state. Although there were formally three political parties, only one party was strongly backed by the government – the *Golkar* party. The other two parties, the Indonesian Democratic Party (PDI) and the Muslim Unitary Development Party (PPP) were only dummies in order to show that every five years there

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11 After the biggest student demonstration and riots in Jakarta – the 15 January 1974 Affair – Soeharto became increasingly concerned about the danger of factionalism within the army that could destabilize the entire political system. Over the succeeding years, mainly under General Mohamad Jusuf's leadership, a major reorganization of the army was put in train, ending the practice of long-time service of junior officers in a single territorial division, and making the army a more truly national institution (Bresnan, 1993: 162).

was a general election to form a new government. In all the general elections, the *Golkar* party always emerged as the winner with a landslide victory to secure the majority members of the People's Consultative Assembly (MPR), the country's highest state body. Every five years Soeharto became the only candidate for Indonesia's presidency and was always easily elected by the MPR. According to the state's constitution, the president is also holding the position as the highest arm forces commander. While for a long period of time General Soeharto was able to engineer the party's elections and systems and its respected political repertoire, Nigerian political parties have been trapped within a zero-sum game that continue to destabilize any emerging political regimes. The fragility of Nigeria's party system has become more problematic as the military were also divided along the different factions and political patronages. The ideology and state formation constitute the political basis upon which the system of political parties was adopted. In Indonesia, the strong appeal of nationalism and the unitary format of the state, influenced the centralistic and top-down nature of the party organization. The political parties in Indonesia were formatted as a national political party with the branches in the province and the districts. In Nigeria, on the other hand, political parties are strongly based on a specific region, ethnicity and religious affiliation. The appeal of nationalism is weak and the parties became very divisive when it came to the so-called national interest and national integration. The federal state format adopted by Nigeria was also influenced by the fragmented character of political parties and the difficulties in any attempt to the party's leader to nationally mobilize its branches to any national issues.

## **6. Regional Dynamics and Contagion Effects**

In world politics, geography and natural resources matter. Being geographically located in Southeast Asia, Indonesia was strongly influenced by the Cold War and the US global strategy of communist containment. As Indonesia is a country rich in natural resources, tapping the benefit from these resources would become the aim and target of many foreign economic interests. The history of Indonesia, as perhaps also the history of many other post-colonial states - including Nigeria - is in fact the history of colonialism looking for various natural resources desperately needed by the western colonial countries. After World War II, its strategic location and vast natural resources placed Indonesia as a strong attraction for both the socialist and capitalist blocks during the Cold War. The Vietnam War in which the US military supported the South Vietnamese government against the Communist Vietcong and North Vietnam, constituted the regional political dynamics that strongly influenced domestic politics in Indonesia. Anticipating the domino-effect based on the assumption that South Vietnam would fall under the control of North Vietnam and the Communist Vietcong, the US strongly

supported the emerging Soeharto's New Order government which emerged after he led the action to destroy the Indonesian communist party and its alleged sympathizers.<sup>12</sup> Nigeria as well as other African countries also can not be isolated from the influence of Cold War politics. The Nigerian federal government since the outset was closely linked with the West, especially the British government. Interestingly, many Nigerian intellectuals equated the West's capitalism with colonialism, which they contended continued after independence through neocolonial economic ties. Mundt and Aborisade (2004: 700) observed that Nigerian political discourse through the first 30 years after independence was often based on the ideological poles of capitalism and socialism, and relationships with the major powers involved staking a position between the two camps. Yet in comparison with Indonesia, Nigeria's lacked geostrategic importance as enjoyed by Indonesia and other Southeast Asian countries. The inherited political fragmentation also resulted in the divided foreign influence which occurred during the Biafran war in 1967, when the Biafran rebels were supported by the US and the federal government by the Soviet Union. Therefore, although Nigeria enjoyed being an oil-rich country, it did not enjoy a sustained strong interest from the US and its Western allies of occupying a geographically strategic position during the Cold War. Nigeria and its neighboring African countries are too remote compared to the Southeast Asian countries which are geographically close to Japan, South Korea and Taiwan which became the strategic partners for not only the expansion of US liberal democracy, but also for the social and economic engineering and experiments. The direct influence of US policy on land reform, for example, has clearly provided the fundamental basis for industrial development in the Northeast Asian countries. The creation of the Association of Southeast Asian Nations (ASEAN) in which Indonesia became a major member in 1967 was strongly supported by the US since this regional grouping expanded the US's interest in the region. The emergence of the East Asian 'economic tigers' in the 1970s and 1980s provides the basis for the economic development in Southeast Asia in which Indonesia was an important member country. On the other hand, Nigeria was negatively affected by the fact that it is surrounded by former French colonies-Benin (formerly Dahomey), Niger, and Cameroon. These francophone postcolonial

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12 In a recent interview, Noam Chomsky (Hewison, 2007) noted the significant place of Indonesia during the Cold War, specifically in relation to the spread of "communist virus" and the contagion effect of the so-called "domino theory". Chomsky said: "The most important country was Indonesia which was of course, the richest country in natural resources.. In 1965, there was the Soeharto coup. That coup, incidentally, was reported accurately in the West. The New York Times, for example, described it as a "staggering mass slaughter" which is "a gleam of light in Asia." The description of the huge massacres was combined with euphoria - undisguised euphoria. The same was true in Australia. Probably Europe as well, but it hasn't been studied there to my knowledge. The Soeharto's massacre really made sure that the virus didn't spread to a country that they were really concerned about.

states have developed close economic ties among themselves, and Nigeria, although based on its size and strength, would conceivably be the leading country in the region, proved not to be the case (Mundt and Aborisade, 2004: 701)

### **7. International Factors (Foreign Aid, Loan, and Foreign Investment)**

The role of international factors in the form of foreign aid, foreign loans and foreign investment can not be separated with the opening up of Indonesia and the other Southeast Asian nations into the US strategy to contain the expansion of communism in the region as discussed in the previous section. The success of Soeharto's New Order regime in eliminating the growing threats of communism in 1965 can not be separated from the fact that since the early 1950s the US has targeted Indonesia as its potential ally. The strong anti-communist stand of the Soeharto government provided ideological legitimacy for the US and the other Western countries to provide international economic support for the regime. Winters (1996: 53) describes how Soeharto and his economic team shrewdly acted to obtain international economic support in the early years of his reign: "Several symbolic actions were taken immediately after General Soeharto took over effective power from President Sukarno in March 1966. The Sultan of Yogyakarta, one of Soeharto's close allies and a figure Western leaders trusted enormously, made a speech indicating that the government was abandoning the failed policies of hostility to foreign investors that had characterized the last years under Soekarno. Although anticommunist foreign governments, led by the United States, clearly wanted to tilt Indonesia in their direction, they had to move carefully". According to Winters (1996: 53), from the creditors' perspective, the first meaningful moves were allowing an IMF team back into the country in July 1966 and inviting a World Bank mission in August 1966 to identify which imports were most critically needed. Working closely with Indonesia's economists, the IMF officials and other foreign consultants processed what data there were and diagnosed the economy's ills". Satisfied that Indonesia had replaced words with actions, the creditor nations finally proposed \$200 million in new loans in February 1967. Summing up the US view of Soeharto's efforts, Ambassador Marshall Green reflected, "It was a great moment in history in which Indonesia, the world's fifth most populous country, strategically located at the junction of two continents and two oceans, reversed its course 180 degrees" (Winters, 1996: 54). A new Foreign Investment Law was enacted in January 1967. In early November 1967, an Indonesian economic team under the Sultan organized a meeting with chairmen of major foreign investors lead by James A. Linen, president of Time, Inc, a close friend of Indonesia's foreign minister, Adam Malik, in Geneva. The meeting, described in detail by Winters (1996: 60-76), was a successful beginning to drawing major global

capitalist interests into Indonesia. Apart from foreign investment, Indonesia received substantial development aid (loans and grants) provided bilaterally or by the international consortium of donor countries (IGGI) chaired by the Dutch government, and strongly supported by the IMF and the World Bank. Indonesia was treated as a strategic partner by the Western countries, while Nigeria, on the other hands, given its fragmented political institutions, was unable to attract the needed concerted international support.

### **8. The Economist-Technocrats Group**

The period of 1960s and 1970s mark the heydays of modernization theories, strongly influenced by American economists and political scientists. The scholarship during those years can not be separated from the ideological polarization resulted from the Cold War politics. Modernization and developmentalism have become the contending perspective for socialism and Marxism that was propagated by the Soviet Union and the East European socialist countries. The emergence of Soeharto's anti communist government in the mid-1960s in Indonesia was obviously welcome to the US and the other Western countries. It is within such a political development that developmentalism became the practical ideology. Technocracy and pragmatism were the backbone of economic development under the Soeharto's authoritarian government. Sarbini Sumawinata, an economist, who briefly advised Soeharto on political matters in the early years of the New Order, explained to Winters (1996: 48) why Soeharto was so committed to economic development: "Soeharto realizes he must be development-oriented. If he learned nothing else from the failure of Soekarno, it was that his downfall was rooted in a neglect of economics. Obviously it's easier to stay in power if there is growth". The relatively remoteness of Nigeria from the centers of conflict, in comparison with Indonesia and the other Southeast Asian countries located close to scene of the Vietnam War, during the Cold War was perhaps one historical factor that made Nigeria less important from US strategic thinking. While an abrupt ideological change occurred in Indonesia in which a strong military, anticommunist's regime came to power, political change in the mid-1960s in Nigeria did not significantly alter the development paradigm as seen in Indonesia. While the leading universities in Nigeria have no doubt produced capable economists and technocrats to formulate and implement economic development, its politics apparently curtailed the technocracy to emerge as the vanguard of economic development. Technocracy has been basically constrained to play a decisive role in development by the divisive and fragmentation in the national political decision-making.

### **The Politics of Rural Development**

Indonesia and Nigeria in the mid-1960s were poor, agricultural countries. In 1963 Arthur Lewis, as quoted in Watts (1987: 70) strongly argued that for



newly independent Nigeria, agricultural exports should become the “prime mover” driving the engine of growth. The subsequent trends however radically interrupted by three unexpected developments at the end of the decade. First, the outbreak of civil war in 1967 that not only leveled palm and root crop production in the southern war zone, but also contributed to a spiraling food import bill. Second, in 1969 it is proved to be the first in a run of severe drought years which brought harvest failures to the northern cereal zones, culminating in the famine of 1972-74. Third, by 1965 petroleum had begun to emerge as a central component in the national budget. According to Watts (1987: 71) production has increased from 5 million barrels (N9 million) in 1960 to almost 325 million barrels (N500 million) in 1970. Accordingly, the share of petroleum in total exports rose quickly, from 2.7 percent in 1960 to 57.6 percent at the end of the decade. In sum, one might say that the late 1960s were a hiatus between a prior classical export dependency, in which the agricultural sector was reaching the limits of growth based on household labor and limited technical improvement, and the subsequent period of relative stagnation associated with the oil boom of the 1970s. Furthermore, as explained by Watts (1987: 74), there are four reasons behind the uneven and often sluggish agricultural performance in the 1970s. First, is the result of the urban construction boom and the growth of the informal sector in which pulled the labor from the rural economy. Second, the rising value of petroleum and the increased federal spending that stimulated internal demand for non-tradable appreciated the real exchange rate. The overvaluation of the naira – estimated at 100 percent by the World Bank in 1979 – made imports attractive. Third, there were structural limits to large-scale or intensified food production even among progressive farmers to be capable of gaining access to heavily subsidized inputs. Fourth, government pricing may have compounded the problems.

Forrest (1993: 182) after critically reviewing several studies on agricultural development in Africa, argued that in Nigeria, the multiple economic, political, and social linkages between rural producers and the wider community and the diversity of socioeconomic conditions within the rural economy, cannot be reduced to summary statements about “the state”, “the peasantry”, and “capitalist” agriculture. He views that the fundamental problem in Nigeria was that agricultural policy has not generally been at the centre of the political agenda, nor have rural producers, small or large, mobilized themselves as lobbyists or as part of wider political movements. One reason for this is that policies have not generally had a direct impact on the livelihood of the mass producers. Another reason is the weakness of agricultural class alignments.<sup>13</sup>

<sup>13</sup> The conversion of peasant societies from subsistence to a market orientation, rooted in the British colonial policy, eroded the foundations of traditional rule. Also, the development of a modern system of transportation and communication, necessary to stimulate commerce, encouraged the movement of people from the country-side to cities and from one part of the country to another, all under the protection of colonial authorities (Mundt and Aborisade, 2004: 695).

Had the government intervened heavily in the procurement of staple crops, the politicization of state policy would have been much greater. Among the reasons for the absence of intervention have been the sheer size and heterogeneity of farm output, the absence of a politically powerful group of wealthy farmers to actively support it, and the fact that the federal centre, burdened with many other commitments, lacked the capacity and funds to manage such a commitment. Another factor that should be considered in explaining the lack of policy intervention, according to Forrest (1993: 207) was the vast geographical dispersion of farming communities and the variation in social organization and culture that hampered the widespread mobilization of the peasantry as a class.

Apart from the profound geographical and social constraints, structural and institutional weaknesses have convoluted into the weak policy commitment among the technocratic elites to agricultural development in Nigeria. Officially, the Nigerian government has created a number of policies, such as Accelerated Food Production Project, Agricultural Development Project, River Basin and Rural Development Authorities, Operation Feed the Nation, Green Revolution, "Back to Land", Operation Food First; yet agricultural policy objectives have not been achieved, as evidenced by the general food scarcity. Obeta (1990:370) argues that "administrative underdevelopment" of agriculture is responsible for the poor performance of the agricultural sector. What is perceived as the administrative and managerial problems by Obeta was obviously related to the issues of ineffective technocracy and its wider political contexts. The political elites in Nigeria were too divisive and apparently perceived no threats from the poor masses. As clearly stated by Forrest, mass mobilization was nonexistent given the geographically diverse settlements and the fragmented character of the Nigerian peasantry. Looking from the Nigerian perspective, the Indonesian experience provides a very different perspective. Agriculture, and in a broader sense, rural development, became the focus of the Indonesian technocrats - led by Widjojo Nitisastro - over a long period since the late mid 1960s during the early years of the New Order.<sup>14</sup> The New Order period is customary divided into four sub-phases, according to the dominant economic events and policy currents (Hill, 1999). First, the recovery and rehabilitation, 1966-72. Second, the oil boom, 1973-82

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<sup>14</sup> There is a great deal of analysis and publications on the technocracy, particularly on the heroic role of a group of economist- technocrats from University of Indonesia (dubbed by David Ransom in his famous article in Ramparts, as the Berkeley Mafia); yet in many instances the studies are mostly written by economists who tended to neglect the dynamics and the relationships between various factors that made the technocracy possible. The inner circle of Widjojo Nitisastro's economic technocrats consists of Mohamad Sadli, Emil Salim, Ali Wardhana, Subroto and J.B. Sumarlin.

Third, the reappraisal, recession and partial reform, 1983-1985. Fourth, the reform and export-led development from 1986 onwards.<sup>15</sup> According to Hill (1996), Indonesia's economic development since the late 1960s can be perceived as a miracle, as the country arose from the so called "basket case" into "an emerging giant". In his book *The Indonesian Economy Since 1966: Southeast Asia Emerging Giant*, Hill stated in his introduction that "Indonesia in 1965 was a 'basket case', its economic problems at least as serious as those of today's least developed countries in Africa and Asia".<sup>16</sup>

Widjojo Nitisastro and his group decided that the rehabilitation of the agricultural infrastructures should become the driving force for economic development. Widjojo Nitisastro, an economic-demographer, is considered by many as the main architect of New Order's economic development, the chief of the Berkeley Mafia, fully aware of the serious problem arising from the large concentration of poor people in Java. During his postgraduate study at the University of California at Berkeley, Widjojo Nitisastro chose to write a dissertation on the subject of economic-demography, namely the various scenarios of the demographic trends caused by migration from Java to the other islands.<sup>17</sup> The previous studies on Java (Boeke, Geertz) that analyzed the demographic dynamics and agricultural growth became his major concern.<sup>18</sup> It is therefore very logical when he directed the economic planners to design

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15 The sense of policy drift in the 1990s suggests that another phase might now be added - 'policy inertia, 1990 onwards'.

16 The book was praised by Thee Kian Wie, the foremost Indonesian economic historian as "... the first one which provides a comprehensive and highly competent account of the economic history of Indonesia over the whole New Order period since its beginnings up to the present". In his preface and acknowledgements to the second edition, Hal Hill (1999), noted that: "It will be obvious from the first edition that I did not foresee the set of events which unfolded after mid-1977". Furthermore he said that "It may be something of a consolation to observe that I am not aware of anyone else who did. ...As a result of the crisis, economics has become both more and less important: the former arising from the search for new policy approaches which will help to avoid the suffering occasioned by these events; the latter owing to the need for introspection and a healthy dose of humility in the wake of the profession's failure to foresee these events".

17 Widjojo's PhD dissertation was then revised during his sabbatical leave at Cornell University, into a book, entitled "The Population Trends in Indonesia", published by Cornell University Press.

18 As an economist-demographer that belief in the important role of economic development planning, Widjojo understood fully the need to have good and reliable statistics. It was under his leadership that a Demographic Institute was established at the Faculty of Economics, University of Indonesia. With regard to statistics, Nigeria is well known for its problem with reliable statistics. See, for example, a review article by Paul Mosley, "Policy-making without Facts: A Note on the Assessment of Structural Adjustment Policies in Nigeria, 1985-1990".

a national development plan; agriculture and rural development became his main focus.<sup>19</sup> Another critical policy that was also important was controlling population growth through a family planning program. Rural development, particularly increasing rice production, and population control, were two major fundamental policies that seriously implemented since the beginning of the New Order. Widjojo's commitment to pro-poor policy, as among other manifested in his focus on rural and agricultural development is actually legendary among his colleagues.<sup>20</sup> Indonesia was also very fortunate, within months of Soeharto assuming executive authority, that a scientific event occurred in the neighboring Philippines. It was to alter profoundly the political economy of rice. A new rice hybrid was developed by the International Rice Research Institute (IRRI), in Los Banos, the Philippines, that had the potential of increasing several fold the traditional yields of irrigated land in tropical Asia. This new hybrid, the first in a series, was the beginning of what would soon become known as "the green revolution".

Since colonial times, Java has been the center of agricultural development. Primarily to promote the sugar industry, the Dutch invested heavily in agricultural research as well as in irrigation development. According to Bresnan (1993) at the turn of the century, Java was almost as heavily irrigated as Japan. No other part of tropical Asia was so well irrigated at the time. The Dutch colonial government also took an interest in the price of rice. Rice was needed to feed the workers on the rubber and other plantations, and because cheap labor was a major factor in the plantation economy, cheap rice was a

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19 There are four factors, according to Irwan (2005: 40-41) behind the reason why Indonesia only halfheartedly adopted economic liberalization. First, there was no external pressure to liberalize the economy further. Removing the PKI and opening up the Indonesian economy to foreign investment were considered as adequate measures by the US and its Cold War allies. Second, Keynesian policies were considered politically necessary to prevent popular discontent against the capitalist system. Third, within the development theory circle in the former colonies, which included scholars such as Alexander Gerschenkron and Hamza Alavi, the dominant perspectives was to support state intervention in promoting economic growth. High economic growth being achieved in countries like Japan and South Korea added further support for state intervention in economic planning. Fourth, the military played a dual role in the country, both as a security and socio-political force, and since the national budget only covered about thirty percent of Indonesian military expenditure, state-owned enterprises were treated as cash cows by the military, and certain businesses were provided with protection and facilities in return for financial contribution.

20 See, colleagues tribute in celebrating the 70<sup>th</sup> year of Widjojo Nitisastro. One example is Permadi, in his article "Cross Check Langsung dengan Para Petani Mengenai Kelancaran Kredit Bimas, Pupuk dan Pstisida (Impromptu cross check with the farmers on the delivery of credit, fertilizer and pesticide)", in M. Arsjad Anwar, Aris Ananta & Ari Kuncoro (eds.) *Kesan para sahabat tentang Widjojo Nitisastro (Colleagues Recollection on Widjojo Nitisastro)*, pp. 221-226. Jakarta: Kompas-Gramedia. Apart from the tribute from 55 of his Indonesian colleagues, another book in English was also published on the same occasion, where 71 friends and colleagues from 27 countries paid tributes to Widjojo Nitisastro, among others Dr. Manmohan Singh (Prime Minister of India), Julius K. Nyerere (Former President of Tanzania), Lawrence H. Summers (President of Harvard University) and Noboru Takeshita (Former Prime Minister of Japan). The two books were supposed to be launched in 1997, but for personal reasons Widjojo postponed the launch until 2007.

major policy objective. In 1939 a government agency was created to buy and sell rice for the purpose of stabilizing its price at low levels to consumers. When the Japanese occupied the Indies in early 1942, it was in order to gain access to its raw materials. Their primary interest was in petroleum and rubber, the two ingredients essential to transportation and thus to the prosecution of the war that now extended across the entire Western Pacific and its East Asian littoral. But the Japanese also needed rice to feed their troops in the Southwest Pacific, and all of Southeast Asia was pressed to provide it. Forced-rice deliveries were imposed on the rice-growing villages of Java, as well as on the rice-surplus river deltas of the Southeast Asian mainland. The postcolonial government of Indonesia, aware of the central role of rice, continued the rice policy. Several major policy attempts were made, in 1956 and 1962, to achieve self sufficiency in rice, but these efforts were not successful. In 1965 rice production in Java was not much higher than it had been before World War II. Because the population had increased greatly during the same period, the availability of rice on a per capita basis was dangerously low. The situation in Nigeria is obviously very different from Indonesia where the majority of the agricultural communities are concentrated in the island of Java.

In November, 1985, President Soeharto was invited to address the 40<sup>th</sup> anniversary conference of the Food and Agricultural Organization (FAO) in Rome as the representative of the developing countries.<sup>21</sup> The invitation was in recognition of Indonesia's remarkable agricultural achievements since the early 1970s, particularly in food crop production. According to FAO statistics, Indonesia's growth in per capita cereal production between 1974/5 and 1984/85 was the second highest in Asia after Burma (Booth, 1998: 1). A World Bank study of the effects of the oil boom on the economies of Indonesia, Nigeria, Venezuela, Ecuador, Trinidad and Tobago and Algeria, found that Indonesia was the only country where agricultural performance improved significantly (Gelb, 1986 - quoted in Booth, 1998: 2). Whereas the other countries tended to invest their windfall gains in large industrial projects of dubious economic efficiency, and in ambitious construction projects, Indonesia alone devoted considerable budgetary resources to improving infrastructure serving smallholder agriculture, to the development and dissemination of new seed varieties, to expanding extension services and to subsidizing inputs such as fertilizers.

Booth (1998:2) argued that if Indonesian agricultural development performance is viewed in a longer term perspective, the remarkable growth performance of the two decades from 1965 to 1985 does not appear as a dramatic break with a past, characterized at best by stagnation, and more

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21 Soeharto in 1985 was also awarded a UNFPA medal as Indonesia is regarded as a country successful in controlling its population growth.

often decline. Rather it should be seen as a continuation of a long process of relatively successful agricultural development during which farmers throughout the Indonesian archipelago responded positively to a series of challenges posed by demographic changes, by the advent of new crops and production technologies, and by the rise of new markets both at home and abroad. The interplay of agriculture and politics, however, can not be underestimated, "Agriculture does indeed still matter", warned Booth (2005: 411). Booth strongly argued that although the agricultural sector may never return to centre stage in the development strategies in many developing countries, "if policy makers neglect it, rural poverty and regional income disparities will continue to be serious problems, which may in turn lead to political instability and even secessionist movements".<sup>22</sup>

### Concluding Remarks

In the mid-1960s Indonesia and Nigeria experienced major political changes in which new military governments took power and began to restructure the state and development. In the following two decades (1965-1985) the politics and policy of the two countries developed into a very different path. Under General Soeharto, Indonesian politics was almost totally restructured in which ideological differences were curtailed and political parties were reformatted and controlled. While politics was held in check, the country's economy was redesigned under the ideology of pragmatism. It was during this period that a group of economic technocrats under the leadership of Professor Widjojo Nitisastro, became very influential in reshaping economic policy, and in turn, in improving the people's welfare. In Nigeria politics turned into endless power struggles between different factions in the military and political elites. The diverse characters of Nigerian elites along the lines of ethnicity, region and religion, formally reflected in the federal state formation. It constitutes the major difficulties to sustain any political regime in power. In Nigeria, power is illusive and politics has become a zero-sum game. Political instability have obviously resulted in the technocratic inertia and convoluted economic development. The Cold War's conjuncture however should also be considered in analyzing development trajectories in Indonesia and Nigeria.

The historical continuity is vital, and understanding the path of economic development is not possible without understanding structural processes and the institutional development of the state, society and its people. As Indonesia and Nigeria were basically agricultural countries, it is very important to understand the history of colonial policies on social and political development, particularly on rural development policy and agricultural development.

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22 See Anne Booth's concluding review article on a book by Takamasa Akiyama and Donald F. Larson (eds) (2004), *Rural Development and Agricultural Growth in Indonesia, the Philippines and Thailand*, Asia Pacific Press, Canberra, in association with the World Bank.

The complex and multifaceted nature of development has caused many studies to focus on relatively limited aspects, arising skepticism on generalization and final conclusions. The specter of problems in comparison, the inconsistencies and incoherence of statistical data constitute major problems in comparative studies. While comparisons can be delineated to some extent, more rigorous comparisons are always problematic. Whatever problems are confronted in a comparative study on Indonesia and Nigeria, as well as the new challenges confronted in the current global environment, a rethinking in pro-poor and rural development policy appears to be unavoidable, since the bulk of people in both countries still live and work largely in rural areas and very dependent on agriculture-related activities. ●

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